

Bond Bank successfully re-enters security market

By DANIEL BEEGAN
Associated Press Writer

Despite Indian claims to more than half the state, the Maine Municipal Bond Bank re-entered the security market with ease Friday. It sold \$20.5 million in 20-year serial bonds at what was termed a favorable interest rate of 5.32 per cent.

The sale was the first since the bond bank cancelled a \$27-million sale last September because of questions about the impact of Indian land claims to more than half the state on Maine's ability to borrow money.

"This would look like the second best sale of seven (for the bond bank), in spite of the Indian problems," said Joel R. Mesznik, financial advisor to the bond bank and a representative of Drexel Burnham Lambert Inc.

Mesznik added, "I think you got a very good rate but with business as usual you could have done a little better."

Please bond bank officials said it was difficult to determine the size of any "penalty" it may have paid due to the Indian land claims, because the interest rate was within prevailing market conditions.

Bond bank commissioners approved the negotiated sale of the securities to an underwriting syndicate headed by Goldman Sachs & Co. and Matthews and Wright Inc.

Sixty-five per cent of the proceeds will be used for projects in

or around the area of the state claimed by the Penobscot and Passamaquoddy Indians.

When ownership of land is in doubt, the ability of government to tax property to raise money to repay its debts is in doubt.

The Friday sale was bolstered by an opinion from the New York law firm of Hawkins, Delafield & Wood, which said earlier this year that "although the matter is not entirely free from doubt, a court of final jurisdiction will not grant to the Indians the right of possession and occupancy to the land in the claims area."

The bond bank is a clearing house for municipalities which seek a national market for securities to finance hospital, school and town projects. It buys the local bonds and uses them to secure the bonds it sells.

Last week, the bond bank retained its Aa rating from Moody's Investors Service and its AA rating from Standard and Poor. Retention of those second highest ratings indicated no change in investor confidence in the securities.

Earlier this year, both the state and the Maine Housing Authority sold a total of nearly \$50 million in bonds.

Securities analysts said the state may have paid a quarter of a per cent interest penalty in its February sale. The housing authority's sale of \$34 million in securities at an average 6 per cent interest rate was within one-eighth of a per cent of market U.S. attorney's office said.

Before the three sales, there were fears that the Indian

claims would prevent the state from borrowing.

The last successful sale was \$25.1 million in March, 1976, at an average 6.77 per cent interest rate.

Projects in and around the disputed area of the state include \$4.3 million for the Caribou Hospital District, \$4 million for Hospital Administrative District 4 in the Dover-Foxcroft area, \$1.6 million for School Administrative District 22 in Hampden, \$950,000 for School Administrative District 56 in the Searsport area, \$2.1 million for Southern Aroostook Vocational Education

Region II and \$555,000 for the Southern Aroostook Community School District.

Projects outside the claims area include \$2.1 million for School Administrative District 43 in Mexico, \$1.4 million for School Administrative District 51 in the Yarmouth area, \$165,000 for the town of Pittsfield and \$1.8 million for the town of Rangeley.

The remaining proceeds will be used for the bond bank's reserve fund.

Bri·fly

Shoe firm chief indicted

BANGOR (AP) — The president of shoe companies which closed down last fall in Brunswick and Biddeford has been indicted by a federal grand jury on a charge of failing to deposit withheld income and Social Security taxes.

Raymond E. Carignan, 36, was named this week in a five-count indictment alleging that he failed to deposit taxes withheld from his employees at Alpha Carbide Inc. Brunswick, the U.S. attorney's office said.

Carignan formerly of Biddeford was reported by authorities to be living in Oceanside, Calif. He left Maine after his shoe manufacturing firms shut down, throwing nearly 300 persons out of work.

The indictment alleged that Carignan, as president of Alpha Carbide, failed to deposit \$11,435 last year in accordance with the Internal Revenue code.

His case was continued for arraignment in U.S. District Court in Portland.

Motorcyclist killed

SOUTH PORTLAND (AP) — A motorcycle accident claimed the life of a Portland man who was killed after his motorcycle struck a cement overpass along the 295 interchange in South Portland, state police said Friday.

Officials said Robert E. Polley Jr., 26, died Thursday night after he lost control of his motorcycle and went off the interchange.

Walter S. Sellick, 23, a passenger on the motorcycle was injured and taken to Maine Medical Center. Police said Sellick and Polley shared an apartment in Portland.

Officials said the motorcycle slid along a guardrail for several yards before hitting the cement overpass. Both driver and passenger were thrown down an embankment after hitting the overpass.

Auburn widow rescued

AUBURN (AP) — An elderly widow who was rescued by firemen from her burning third-floor apartment in Auburn was listed in satisfactory condition Friday.

Officials said Catherine Gallagher, 79, was being treated in the intensive care unit of Central Maine Medical Center in Lewiston.

Auburn firefighter Joseph Camp crawled through the smoke-filled Newbury street apartment Thursday night to find Mrs. Gallagher unconscious on a kitchen couch.

While other firemen battled the flames, Camp carried the woman down two flights of stairs to safety.

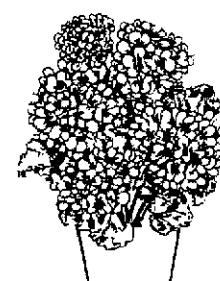
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